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ECONOMIC COMMISSION FOR AFRICA

Report of the Meeting of the Ad Hoc Committee responsible for preparing documents for the Special Conference of Ministers responsible for Civil Aviation

Addis Ababa (Ethiopia), 16-17 May 1988

A. ORGANIZATION OF WORK

1. The meeting of the Ad Hoc Committee responsible for preparing documents for the Special Conference of Ministers responsible for Civil Aviation was held at ECA headquarters in Addis Ababa on 16 and 17 May 1988.

B. ATTENDANCE

2. The meeting was attended by the representative of the Government of Zimbabwe and those of the following organizations and airlines: ECA, OAU, AFCAC, AFRAA, Air Afrique, Air Gabon and Ethiopian Airlines. The representatives of Egyptair were unable to attend.

C. OPENING OF THE MEETING

3. The meeting was opened by Prof. Adebayo Adedeji, Executive Secretary of ECA.

4. In his opening remarks, Prof. Adedeji welcomed the participants to the headquarters of the Economic Commission for Africa which was proud to have organized the meeting because of its vital importance for the future of civil aviation in Africa.

5. He pointed out that African countries were at a crossroads and they had to face squarely the reality that on account of deregulation in North America and liberalization in Europe, their own airlines were likely to be squeezed out of the market. At independence, African countries had, almost as a matter of routine, acquired a national anthem, a national airline and an institute of public administration. It was time, however, to question the justification of each and every small African airline. Mergers were taking place among larger European airlines such as the takeover by British Airways of British Caledonian whose assets exceeded those of all African airlines put together, and yet Africans still thought they could with their tiny airlines, face competition from such huge European giants.

6. What was needed in Africa was a fundamental rethinking of the development of African civil aviation. A few years ago the problem of the exchange of the fifth freedom traffic among African airlines was brought to the attention of Ministers but to date the issue still remained unresolved. He hoped that on the issue of the threat posed by deregulation, the Ad Hoc Committee would be innovative and have the courage to tell the Ministers of Civil Aviation honestly about the gravity of the situation facing their countries. The technocrats should, at least, discharge their duty of bringing all the facts with all their implications to the attention of the Ministers, even if the latter would not act immediately. The necessary restructuring of Afrian civil aviation might take some time, but for it to happen, there had to be a beginning and it was the responsibility of the Ad Hoc Committee to initiate that beginning.

7. Prof. Adedeji concluded by wishing the Committee fruitful discussions.

D. ACCOUNT OF PROCEEDINGS

8. After some amendments to the draft agenda were introduced, the following agenda was adopted:

1. Opening of the meeting.
2. Adoption of the agenda and programme of work.
3. Guidelines for preparation of working documents to be presented to the Ministers relating to the following items:

   (a) Common African aeronautic policy;

   (b) Merger of airlines and other forms of airline co-operation;

   (c) Financing of African air transport activites and development projects;

   (d) Implementation programme and means of action.

4. Division of work amongst Ad Hoc Committee members, programming of follow-up action (including fixing of deadlines).

5. Any other business.

6. Adoption of the report and closure of the meeting.

Guidelines for preparation of the working documents to be presented to the ministers relating to the following items (agenda item 3)

(a) African aeronautical policy

9. Under this item, two background documents were introduced by the ECA and AFCAC representatives.

10. In his statement, the ECA representative said that what had to be done was to lay down the policy that Africa needed and draw the attention of the members of the Ad hoc Committee to the following points which should be taken into account in drawing up such a policy:

(a) The objective to be attained bearing in mind the establishment of an African common market as stipulated by the Lagos Plan of Action;
(b) The African aeronautical market and space;
(c) The concept of hubs and how to operate them;
(d) The legal instruments needed to govern the operation of intra-African and international air links;
(e) The definition of major and secondary airports;
(f) The role of governments and airlines;
(g) Tariff problems under a joint system.

11. The representative of AFCAC analyzed the implications of the deregulation and liberalization policies and briefly described the underlying elements of current aeronautical policy in Africa and put forward proposals on the formulation of a common policy.

12. The discussions that followed came up with the following guidelines for the formulation of a common African aeronautical policy:

(a) Identifying the relevant aspects of the Lagos Plan of Action and of the Declaration of the general policy on civil aviation;
(b) Analyzing the effects of deregulation in America and liberalization in Europe;
(c) Defining an African position which will be based on the following objectives to be attained by the year 2000:

(i) Merging African airlines on the basis of subregions, economic communities or free and voluntary mergers;

(ii) Eliminating frontiers when establishing entities hence the need to define a legal framework;

(iii) Establishing a code of conduct and a cabotage zone indicating the links that should be established between the entities.

13. The proposals to be put forward should include implementation schedules and care should be taken to avoid imposing the same type of merger on each subregion or economic community.

(d) Implementation of the African Air Tariff Conference (AFRATC);
(e) The position to be adopted as far as the financing of equipment and the inter-change of crews are concerned;
(f) Analysis of the shortcomings of African air transport.

(b) Pooling of resources including airlines mergers and other forms of co-operation in air transport operations

14. The background documents on this item were prepared by ECA, AFCAC and Ethiopian Airlines. In his presentation, the ECA representative said that the merger of African airlines could be considered from various angles: subregional, economic communities and free association. The role that governments and existing airlines could play and the legal framework for such new entities should be studied. In that connection, privatization might not necessarily mean that governments would not interfere in the activities of the new entities and efforts should therefore be made to harmonize the various points of view.

15. In his presentation, the representative of AFCAC assessed the impact of the joint policy on the operation of the existing network of air services, particularly the reduction of costs as a result of greater co-operation. He

then defined the most suitable development scheme based on the redfinition of the structure of the network, with a view to ensuring the effective performance of the system. He then indicated the guiding principles which would provide the basis for the pooling of resources that would ensure the economy of scale as well as the improved performance and effectiveness of the system.

16. The representative of Ethiopian Airlines said that mergers could be made on the basis of subregions, economic communities or along the lines of free and voluntary association; the airlines should be allowed to choose the type of co-operation which they deemed appropriate. Mergers should be economically viable and not only one type of merger should be suggested: this would require feasibility studies. Since mergers could not happen immediately, the various phases to be covered should be defined before attaining the main objective. In that connection, he defined the steps that should precede any merger particularly mergers, joint operation, joint utilization of equipment etc. In view of the fact that all aspects of co-operation among airlines have great value economically and technically, these should play a major role.

17. After some useful discussions, the meeting decided upon the following guidelines:

(a) Identifying existing African airlines and reviewing the types of operations that they run;
(b) Reviewing the economic situation of African airlines and their problems;
(c) Reviewing measures taken in other regions to strengthen and improve the efficiency of their airlines;
(d) Working out the implications that such new policies could have for air transport and African airlines;
(e) Working out a solution for the African continent bearing in mind the objective to be attained;
(f) Reviewing the failures and successes of various attempts at airline mergers in Africa;
(g) Considering types of merger along the following lines:
    (i) Subregional
    (ii) Economic communities
    (iii) Free association.

(h) Adopting a gradual approach to merger and defining the means required for implementing the decisions which would be taken by the Conference of Ministers in particular the studies to be undertaken and publicity campaigns;

(i) Defining rules of conduct between the different zones and the attitude to adopt with respect to non-African companies. All the phases to be defined should include the implementation calendar.

(c) Financing of African air transport activities and development projects

18. The representative of ECA said that the document to be prepared on this item should consider the following points:

- Equipment to be purchased;
- Training of human resources;
- Potential sources of financing;
- Various financing alternatives;
- The creation, if necessary, of institutions;
- Financing of the implementation programme as well as of studies to be carried out;
- Establishing priorities within the projects in order to seek funding.

19. The representative of AFCAC informed the meeting about the approaches that his organization had made to OAU and ADB in order to secure financing for aeronautical activities. In that connection, he presented the scheme established by AFCAC relating to the terms of reference of the feasibility study on the purchase of aircraft on behalf of African airlines and the establishment of an aircraft financing and hiring company.

20. The meeting requested that the African Development Bank be involved in the preparation of the document.

21. After some discussion, the meeting adopted the following guidelines:

(a) Reviewing and assessing African requirements in terms of both aircraft and ground equipment;

(b) Reviewing and assessing the equipment required for personnel training;

(c) Reviewing Africa's economic situation in order to stress the need for African States to co-operate in their search for funding;

(d) Reviewing financing methods and examples used in other regions;

(e) Various methods used in purchasing equipment and the advantages of such methods;

(f) Prospects and conditions of assistance by banks;

(g) Identifying sources of financing;

(h) Machinery and institutions to be established for the financing of aeronautical activities.

(d) Implementation programme and appropriate means of action

22. The meeting decided that this item should be discussed by the Technical Committee on Air Transport.

Division of work amongst Ad Hoc Committee members, programming of follow-up action (including fixing of deadlines) (agenda item 4)

23. Under this item, ECA introduced document DEC/TRANSCOM/AIR/36 which contained sound proposals on the membership of the working groups, deadlines for the submission of documents to ECA, preparatory meetings, such as the meetings of the Technical Committee on Air Transport.

24. After the introduction, the meeting assigned work as follows:

Subject and group	Chairman	Date of submission	Membership of groups
Subject 1 and group 1 African aeronautic policy	AFCAC	30/6/88	Air Gabon, Zimbabwe, Air Afrique, Ethiopian Airlines, AFCAC
Subject 2 and group 2 Pooling of resources including the merging of airlines	AFCAC	30/6/88	AFRAA, Air Afrique, ECA, Ethiopian Airlines, Air Gabon
Subject 3 and group 3 Financing of air transport activities and development projects	ECA	30/6/88	ECA, AFRAA, ADB, Ethiopian Airlines, Egyptair

25. The working documents prepared by each group should arrive at ECA on 30 June 1988 at the latest.

26. As far as issues relating to the documents and groups were concerned, the AFCAC president said that the document on subject 1 would be sent to ECA in English and in French. With respect to the practical procedures for drafting the documents, the Chairman of the meeting said that this would depend on

each designated officer in charge. He also said that he was willing to host, from 7 to 9 June 1988 at Abidjan, the preparatory meeting of the working group on subject No. 1 as well as the meetings of the other groups provided they were held at the same period.

27. Finally, the meeting decided that the next meeting of the Technical Committee should include members of the Ad Hoc Committee.

Any Other Business (agenda item 5)

28. Under this item, the representative of OAU raised the following issues:

(a) Date of the Conference
(b) Countries to be invited.

Dates of the Conference

29. The OAU representative said that it had been planned initially to organize the Conference of Ministers in 1989 and that the date had been changed without prior consultations with the other agencies concerned. It would be difficult to fit the dates that had been agreed into the work programme of the Transport and Communciations Division of OAU.

30. The Chairman informed the meeting that, following discussions between ECA and the Government of his country, Cote d'Ivoire, the dates had been fixed accordingly. The dates also took into account other activities that had already been planned in Cote d'Ivoire.

31. The OAU representative said that it would not be possible for the Transport and Communications Division of his organization to take part in the various activities relating to the preparation and organization of the Conference of Ministers responsible for Civil Aviation and requested that the responsibility that had been assigned to his organization for co-ordinating working group No. 2 should be assigned to another organization.

32. Participants, however, felt that the participation of OAU was necessary despite other commitments.

33. AFCAC was therefore requested to co-ordinate the activities of working group No. 2.

Countries to be invited

34. The representative of OAU requested that the countries which would be invited to the meeting of Ministers should be indicated. ECA indicated that it would send out invitations in line with current procedures.

Adoption of report (agenda item 6)

35. Following some amendments, the report of the meeting was adopted.

Closure of the meeting

36. The Chairman of the meeting thanked all participants for their co-operation during the two-day meeting. He pointed out that Ministers responsible for civil aviation had not met since 1963 and therefore the meeting scheduled for Abidjan would be of particular significance. He requested members of the Ad Hoc Committee to be very conscientious and to however their commitment to Africa.

37. Speaking on behalf of Professor Adebayo Adedeji, the Chief of the Transport, Communications and Tourism Division of ECA thanked all participants for having responded in large numbers to the invitation. He stated that ECA was always willing to collaborate with all organizations concerned in the planning and preparation of the special conference of Ministers responsible for civil aviation. He also stated that it was as a result of the Mbabane Declaration on African air transport, that the Technical Committee had been established. The Technical Committee had accomplished a major task and ECA therefore hoped that the Ministers would consider this Committee as an organ for monitoring future decisions. He concluded by wishing participants a safe return home and hoped to meet with them in Harare in July 1988.

LIST OF PARTICIPANTS/LISTE DES PARTICIPANTS

ZIMBABWE

Mr NDLOVU Patrick:	Under Secretary, Ministry of Transport Zimbabwe

AIR AFRIQUE

Mr CAMARA Couloubaly:	Chef de division planification
Mr MOUNZIKA-NTSIKA:	Conseiller Juridique du PDG, d'Air Afrique
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ETHIOPIAN AIRLINES

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Mr Theodros G. Egziabhier:	Ethiopian Airlines

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